

State of Wisconsin
2005 - 2006 LEGISLATURE

1/20th
1/21

LRB-1229/23

JK:kjf:pg

RMR

DOA:.....Ziegler, BB0305 - Municipal levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-20-05

D-N

Do Not Sen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the Expenditure Restraint Program provides an annual state aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill eliminates the Expenditure Restraint Program and replaces it with the Municipal Levy Restraint Program. The Municipal Levy Restraint Program provides annual state aid payments, beginning in 2007, to any municipality that has a property tax rate greater than five mills and that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the region in which the municipality is located and on the rate of inflation. For purposes of determining the eligibility for and the amount of the payments under the program, each municipality is assigned to a region based on the county in which the municipality is located and each region consists of several counties.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (1) (c) of the statutes is amended to read:

2 20.835 (1) (c) *Expenditure restraint program account.* A sum sufficient to make
3 the payments under s. 79.05. No moneys may be encumbered or expended from this
4 appropriation after December 31, 2006.

5 **SECTION 2.** 20.835 (1) (cb) of the statutes is created to read:

6 20.835 (1) (cb) *Municipal levy restraint payment account.* Beginning in 2007,
7 a sum sufficient to make the payments to municipalities under s. 79.051 (4) (a).

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

8 **SECTION 3.** 20.835 (1) (cd) of the statutes is created to read:

9 20.835 (1) (cd) *Municipal levy restraint bonus payment account.* Beginning in
10 2007, a sum sufficient to make the payments to municipalities under s. 79.051 (4) (b).

 ***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 4.** 79.01 (1) of the statutes is amended to read:

12 79.01 (1) There is established an account in the general fund entitled the
13 “Expenditure Restraint Program Account.” There shall be appropriated to that
14 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
15 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
16 in the year 2001; \$57,570,000 in 2002; and \$58,145,700 in 2003 and in each year
17 thereafter, ending in 2006.

18 **SECTION 5.** 79.01 (5b) of the statutes is created to read:

1 79.01 (5b) There is established an account in the general fund entitled the
2 “Municipal Levy Restraint Payment Account.” There shall be appropriated to that
3 account \$58,145,700 in 2007 and in each year thereafter.

4 **SECTION 6.** 79.01 (6b) of the statutes is created to read:

5 79.01 (6b) There is established an account in the general fund entitled the
6 “Municipal Levy Restraint Bonus Payment Account.” There shall be appropriated
7 to that account \$10,000,000 in 2007 and in each year thereafter.

8 **SECTION 7.** 79.015 of the statutes is amended to read:

9 **79.015 Statement of estimated payments.** The department of revenue, on
10 or before September 15 of each year, shall provide to each municipality and county
11 a statement of estimated payments to be made in the next calendar year to the
12 municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.051, 79.058, and
13 79.06.

14 **SECTION 8.** 79.02 (2) (b) of the statutes is amended to read:

15 79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall
16 equal ~~15%~~ 15 percent of the municipality’s or county’s estimated payments under ss.
17 79.03, 79.035, 79.04, 79.058, and 79.06 and ~~100%~~ 100 percent of the municipality’s
18 estimated payments under ~~s. ss.~~ ss. 79.05 and 79.051.

19 ~~**SECTION 9.** 79.035 (2) (b) of the statutes is created to read:~~

20 ~~79.035 (2) (b) Except as provided under s. 79.02 (3) (e), for the distribution in~~
21 ~~2005 and subsequent years, each county shall receive a payment under this section~~
22 ~~that is equal to the amount of the payment determined for the county under this~~
23 ~~section in 2004.~~

24 **SECTION 10.** 79.035 (2) (c) of the statutes is created to read:

1 79.035 (2) (c) For the distribution in 2005 and subsequent years, if in any year
2 a municipality's distribution under this section is less than the municipality's
3 distribution under this section in the previous year, the municipality's municipal tax
4 levy for the preceding year shall be increased to reflect the reduction in the
5 distribution.

6 SECTION 11. 79.043 (5) of the statutes is amended to read:

7 79.043 (5) Except as provided under s. 79.02 (3) (e), for the distribution in 2005
8 and subsequent years, each county and municipality shall receive a payment under
9 this section and s. 79.035 that is equal to the amount of the payment determined for
10 the county or municipality under this section and s. 79.035 in 2004.

11 SECTION 12. 79.05 (7) of the statutes is created to read:

12 79.05 (7) Beginning in 2007, no municipality may receive a payment under this
13 section.

14 SECTION 13. 79.051 of the statutes is created to read:

15 **79.051 Municipal levy restraint program.** (1) DEFINITIONS. In this section:

16 (a) "Inflation factor" means a percentage equal to the average annual
17 percentage change in the U.S. consumer price index for all urban consumers, U.S.
18 city average, as determined by the U.S. department of labor, for the 12 months
19 ending on September 30 of the year before the statement under s. 79.015.

20 (b) "Maximum allowable levy" means the municipal tax levy for the year before
21 the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of
22 one plus the inflation factor and the valuation factor, rounded to the nearest 0.01
23 percent.

24 (c) "Municipal tax levy" means the amounts reported as the total taxes levied
25 for each town, village, or city on the statement of taxes filed with the department of

1 revenue under s. 73.10, not including the incremental levy for municipal tax
2 incremental financing districts and the incremental levy for county environmental
3 tax financing districts.

4 (d) “Municipal tax rate” means the municipal tax levy divided by the taxable
5 value.

6 (e) “Region” means any of the following areas to which a municipality is
7 assigned, for purposes of determining the eligibility for and the amount of the
8 payments under this subsection, according to the county in which the municipality
9 is located, except that if the municipality is located in more than one county, the
10 municipality is considered, for purposes of determining the eligibility for and the
11 amount of the payments under this subsection, to be located in the county that has
12 the greater taxable value:

13 1. Region 1, consisting of the counties of Brown, Door, Florence, Kewaunee,
14 Manitowoc, Marinette, Oconto, and Sheboygan.

15 2. Region 2, consisting of the counties of Calumet, Fond du Lac, Green Lake,
16 Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and
17 Winnebago.

18 3. Region 3, consisting of the counties of Buffalo, Crawford, Jackson, La Crosse,
19 Monroe, Pepin, Pierce, Trempealeau, and Vernon.

20 4. Region 4, consisting of the counties of Adams, Forest, Juneau, Langlade,
21 Lincoln, Marathon, Oneida, Portage, Vilas, and Wood.

22 5. Region 5, consisting of the counties of Ashland, Bayfield, Burnett, Douglas,
23 Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

24 6. Region 6, consisting of the counties of Columbia, Dane, Dodge, Jefferson,
25 Rock, and Sauk.

1 7. Region 7, consisting of the counties of Kenosha, Milwaukee, Ozaukee,
2 Racine, Walworth, Washington, and Waukesha.

3 8. Region 8, consisting of the counties of Grant, Green, Iowa, Lafayette, and
4 Richland.

5 9. Region 9, consisting of the counties of Barron, Chippewa, Clark, Dunn, Eau
6 Claire, Polk, and St. Croix.

7 (f) “Taxable value” means, for a municipality, the equalized assessed value of
8 all property located in the municipality, as determined under s. 70.57, excluding the
9 value of any tax increments under s. 66.1105, and, for a county, the equalized
10 assessed value of all property located in the county, as determined under s. 70.57,
11 excluding the value of any tax increments under s. 66.1105.

12 (g) “Valuation factor” means a percentage equal to 60 percent of the percentage
13 change in the region’s equalized value under s. 70.57 due to new construction less
14 improvements removed between the year before the statement under s. 79.015 and
15 the previous year, but not less than zero nor greater than 2.

16 (2) ELIGIBILITY. A municipality is eligible to receive a payment under sub. (4)
17 if it fulfills all of the following requirements:

18 (a) The municipality’s municipal tax rate for the year before the statement
19 under s. 79.015 is greater than 5 mills.

20 (b) The municipality’s municipal tax levy for the year of the statement under
21 s. 79.015 is no greater than the municipality’s maximum allowable levy.

22 (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of
23 revenue shall certify to the joint committee on finance the appropriate percentage
24 change in the consumer price index that is to be used to determine the inflation
25 factor.

1 (4) PAYMENTS. (a) Beginning in 2007, each municipality that is eligible under
2 sub. (2) shall receive a payment calculated by the department of revenue as follows:

3 1. Subtract 5 mills from the municipality's municipal tax rate.

4 2. Multiply the amount determined under subd. 1. by the municipality's
5 taxable value.

6 3. Divide the amount determined under subd. 2. by the total of the amounts
7 under subd. 2. for all municipalities that are eligible for a payment under sub. (2).

8 4. Multiply the amount determined under subd. 3. by \$58,145,700.

9 (b) Each municipality that is eligible under sub. (2) shall receive an additional
10 payment calculated by the department of revenue as follows:

11 1. Subtract the municipal tax levy, as determined under par. (a) 1., from the
12 municipality's maximum allowable levy.

13 2. Divide the amount determined under subd. 1. by the total of the amounts
14 under subd. 1. for all municipalities that are eligible for a payment under sub. (2).

15 3. Multiply the amount determined under subd. 2. by \$10,000,000.

16 (5) ADJUSTMENTS. For purposes of determining eligibility for and the amount
17 of the payments under this section:

18 (a) If a municipality transfers to another governmental unit responsibility for
19 providing any service that the municipality provided in the preceding year, its
20 municipal tax levy for the preceding year shall be decreased to reflect the amount
21 that the municipality levied to provide that service, as determined by the department
22 of revenue.

23 (b) If a municipality increases the services that it provides by adding
24 responsibility for providing a service transferred to it from another governmental

- 1 unit in any year, its municipal tax levy for the preceding year shall be increased to
2 reflect the cost of that service, as determined by the department of revenue.

3

(END)

(c) If ⁱⁿ any year a municipality's distribution under
s. 79.043(5) is ^{less} than the municipality's distribution under
s. 79.043(5) in the previous year, the municipality's
maximum allowable levy shall be increased to reflect the
reduction in the distribution.

D-Note

1229/30hr
VK: kg

Date

Paul:

This version of the draft is based on the
Huegel
from Don Huegel at DOR.

VK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

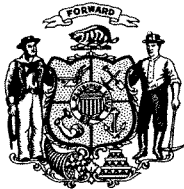
LRB-1229/3dn
JK:kjf:jf

January 20, 2005

Paul:

This version of the draft is based on the comments from Dan Huegel at DOR.

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State of Wisconsin
2005 - 2006 LEGISLATURE

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Today

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (1) (c) of the statutes is amended to read:

2 20.835 (1) (c) *Expenditure restraint program account.* A sum sufficient to make
3 the payments under s. 79.05. No moneys may be encumbered or expended from this
4 appropriation after December 31, 2006.

5 **SECTION 2.** 20.835 (1) (cb) of the statutes is created to read:

6 20.835 (1) (cb) *Municipal levy restraint payment account.* Beginning in 2007,
7 a sum sufficient to make the payments to municipalities under s. 79.051 (4) (a).

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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9 20.835 (1) (cd) *Municipal levy restraint bonus payment account.* Beginning in
10 2007, a sum sufficient to make the payments to municipalities under s. 79.051 (4) (b).

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 4.** 79.01 (1) of the statutes is amended to read:

12 79.01 (1) There is established an account in the general fund entitled the
13 “Expenditure Restraint Program Account.” There shall be appropriated to that
14 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
15 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
16 in the year 2001; \$57,570,000 in 2002; and \$58,145,700 in 2003 and in each year
17 thereafter, ending in 2006.

18 **SECTION 5.** 79.01 (5b) of the statutes is created to read:

1 79.01 (5b) There is established an account in the general fund entitled the
2 “Municipal Levy Restraint Payment Account.” There shall be appropriated to that
3 account \$58,145,700 in 2007 and in each year thereafter.

4 **SECTION 6.** 79.01 (6b) of the statutes is created to read:

5 79.01 (6b) There is established an account in the general fund entitled the
6 “Municipal Levy Restraint Bonus Payment Account.” There shall be appropriated
7 to that account \$10,000,000 in 2007 and in each year thereafter.

8 **SECTION 7.** 79.015 of the statutes is amended to read:

9 **79.015 Statement of estimated payments.** The department of revenue, on
10 or before September 15 of each year, shall provide to each municipality and county
11 a statement of estimated payments to be made in the next calendar year to the
12 municipality or county under ss. 79.03, 79.035, 79.04, 79.05, 79.051, 79.058, and
13 79.06.

14 **SECTION 8.** 79.02 (2) (b) of the statutes is amended to read:

15 79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall
16 equal ~~15%~~ 15 percent of the municipality's or county's estimated payments under ss.
17 79.03, 79.035, 79.04, 79.058, and 79.06 and ~~100%~~ 100 percent of the municipality's
18 estimated payments under ~~s. ss.~~ ss. 79.05 and 79.051.

19 **SECTION 9.** 79.05 (7) of the statutes is created to read:

20 79.05 (7) Beginning in 2007, no municipality may receive a payment under this
21 section.

22 **SECTION 10.** 79.051 of the statutes is created to read:

23 **79.051 Municipal levy restraint program. (1) DEFINITIONS.** In this section:

24 (a) “Inflation factor” means a percentage equal to the average annual
25 percentage change in the U.S. consumer price index for all urban consumers, U.S.

1 city average, as determined by the U.S. department of labor, for the 12 months
2 ending on September 30 of the year before the statement under s. 79.015.

3 (b) “Maximum allowable levy” means the municipal tax levy for the year before
4 the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of
5 one plus the inflation factor and the valuation factor, rounded to the nearest 0.01
6 percent.

7 (c) “Municipal tax levy” means the amounts reported as the total taxes levied
8 for each town, village, or city on the statement of taxes filed with the department of
9 revenue under s. 73.10, not including the incremental levy for municipal tax
10 incremental financing districts and the incremental levy for county environmental
11 tax financing districts.

12 (d) “Municipal tax rate” means the municipal tax levy divided by the taxable
13 value.

14 (e) “Region” means any of the following areas to which a municipality is
15 assigned, for purposes of determining the eligibility for and the amount of the
16 payments under this subsection, according to the county in which the municipality
17 is located, except that if the municipality is located in more than one county, the
18 municipality is considered, for purposes of determining the eligibility for and the
19 amount of the payments under this subsection, to be located in the county that has
20 the greater taxable value:

21 1. Region 1, consisting of the counties of Brown, Door, Florence, Kewaunee,
22 Manitowoc, Marinette, Oconto, and Sheboygan.

23 2. Region 2, consisting of the counties of Calumet, Fond du Lac, Green Lake,
24 Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and
25 Winnebago.

1 3. Region 3, consisting of the counties of Buffalo, Crawford, Jackson, La Crosse,
2 Monroe, Pepin, Pierce, Trempealeau, and Vernon.

3 4. Region 4, consisting of the counties of Adams, Forest, Juneau, Langlade,
4 Lincoln, Marathon, Oneida, Portage, Vilas, and Wood.

5 5. Region 5, consisting of the counties of Ashland, Bayfield, Burnett, Douglas,
6 Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

7 6. Region 6, consisting of the counties of Columbia, Dane, Dodge, Jefferson,
8 Rock, and Sauk.

9 7. Region 7, consisting of the counties of Kenosha, Milwaukee, Ozaukee,
10 Racine, Walworth, Washington, and Waukesha.

11 8. Region 8, consisting of the counties of Grant, Green, Iowa, Lafayette, and
12 Richland.

13 9. Region 9, consisting of the counties of Barron, Chippewa, Clark, Dunn, Eau
14 Claire, Polk, and St. Croix.

15 (f) “Taxable value” means, for a municipality, the equalized assessed value of
16 all property located in the municipality, as determined under s. 70.57, excluding the
17 value of any tax increments under s. 66.1105, and, for a county, the equalized
18 assessed value of all property located in the county, as determined under s. 70.57,
19 excluding the value of any tax increments under s. 66.1105.

20 (g) “Valuation factor” means a percentage equal to 60 percent of the percentage
21 change in the region’s equalized value under s. 70.57 due to new construction less
22 improvements removed between the year before the statement under s. 79.015 and
23 the previous year, but not less than zero nor greater than 2.

24 (2) ELIGIBILITY. A municipality is eligible to receive a payment under sub. (4)
25 if it fulfills all of the following requirements:

1 (a) The municipality's municipal tax rate for the year before the statement
2 under s. 79.015 is greater than 5 mills.

3 (b) The municipality's municipal tax levy for the year of the statement under
4 s. 79.015 is no greater than the municipality's maximum allowable levy.

5 (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of
6 revenue shall certify to the joint committee on finance the appropriate percentage
7 change in the consumer price index that is to be used to determine the inflation
8 factor.

9 (4) PAYMENTS. (a) Beginning in 2007, each municipality that is eligible under
10 sub. (2) shall receive a payment calculated by the department of revenue as follows:

11 1. Subtract 5 mills from the municipality's municipal tax rate.

12 2. Multiply the amount determined under subd. 1. by the municipality's
13 taxable value.

14 3. Divide the amount determined under subd. 2. by the total of the amounts
15 under subd. 2. for all municipalities that are eligible for a payment under sub. (2).

16 4. Multiply the amount determined under subd. 3. by \$58,145,700.

17 (b) Each municipality that is eligible under sub. (2) shall receive an additional
18 payment calculated by the department of revenue as follows:

19 1. Subtract the municipal tax levy, as determined under par. (a) 1., from the
20 municipality's maximum allowable levy.

21 2. Divide the amount determined under subd. 1. by the total of the amounts
22 under subd. 1. for all municipalities that are eligible for a payment under sub. (2).

23 3. Multiply the amount determined under subd. 2. by \$10,000,000.

24 (5) ADJUSTMENTS. For purposes of determining eligibility for and the amount
25 of the payments under this section:

(a) If a municipality transfers to another governmental unit responsibility for providing any service that the municipality provided in the preceding year, its municipal tax levy for the preceding year shall be decreased to reflect the amount that the municipality levied to provide that service, as determined by the department of revenue.

(b) If a municipality increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit in any year, its municipal tax levy for the preceding year shall be increased to reflect the cost of that service, as determined by the department of revenue.

(c) If in any year a municipality's distribution under s. 79.043 (5) is less than the municipality's distribution under s. 79.043 (5) in the previous year, the municipality's maximum allowable levy shall be increased to reflect the reduction in the distribution.

(END)

O-Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1229/3dn

JK:kjf/

Date

✓ ✓
This draft reconciles LRB-1229/3 and LRB-1231/4. Both of these drafts should continue to appear in the compiled bill.

Joseph T. Kreye
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**DRAFTER'S NOTE
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LRB-1229/4dn
JK:kjfrs

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DRAFTER'S NOTE
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LRB-1229/4dn⁵

JK:kjf²⁸

January 26, 2005 *← stays*

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2005 - 2006 LEGISLATURE

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DOA:.....Ziegler, BB0305 - Municipal levy restraint incentive and bonus program

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11 **SECTION 8.** 79.051 of the statutes is created to read:

12 **79.051 Municipal levy restraint program. (1) DEFINITIONS.** In this section:

13 (a) “Inflation factor” means a percentage equal to the average annual
14 percentage change in the U.S. consumer price index for all urban consumers, U.S.
15 city average, as determined by the U.S. department of labor, for the 12 months
16 ending on September 30 of the year before the statement under s. 79.015.

17 (b) “Maximum allowable levy” means the municipal tax levy for the year before
18 the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of
19 one plus the inflation factor and the valuation factor, rounded to the nearest 0.01
20 percent. *85 percent of*

21 (c) “Municipal tax levy” means the amounts reported as the total taxes levied
22 for each town, village, or city on the statement of taxes filed with the department of
23 revenue under s. 73.10, not including the incremental levy for municipal tax
24 incremental financing districts and the incremental levy for county environmental
25 tax financing districts.

1 (d) “Municipal tax rate” means the municipal tax levy divided by the taxable
2 value.

3 (e) “Region” means any of the following areas to which a municipality is
4 assigned, for purposes of determining the eligibility for and the amount of the
5 payments under this subsection, according to the county in which the municipality
6 is located, except that if the municipality is located in more than one county, the
7 municipality is considered, for purposes of determining the eligibility for and the
8 amount of the payments under this subsection, to be located in the county that has
9 the greater taxable value:

10 1. Region 1, consisting of the counties of Brown, Door, Florence, Kewaunee,
11 Manitowoc, Marinette, Oconto, and Sheboygan.

12 2. Region 2, consisting of the counties of Calumet, Fond du Lac, Green Lake,
13 Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and
14 Winnebago.

15 3. Region 3, consisting of the counties of Buffalo, Crawford, Jackson, La Crosse,
16 Monroe, Pepin, Pierce, Trempealeau, and Vernon.

17 4. Region 4, consisting of the counties of Adams, Forest, Juneau, Langlade,
18 Lincoln, Marathon, Oneida, Portage, Vilas, and Wood.

19 5. Region 5, consisting of the counties of Ashland, Bayfield, Burnett, Douglas,
20 Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

21 6. Region 6, consisting of the counties of Columbia, Dane, Dodge, Jefferson,
22 Rock, and Sauk.

23 7. Region 7, consisting of the counties of Kenosha, Milwaukee, Ozaukee,
24 Racine, Walworth, Washington, and Waukesha.

1 8. Region 8, consisting of the counties of Grant, Green, Iowa, Lafayette, and
2 Richland.

3 9. Region 9, consisting of the counties of Barron, Chippewa, Clark, Dunn, Eau
4 Claire, Polk, and St. Croix.

5 (f) “Taxable value” means, for a municipality, the equalized assessed value of
6 all property located in the municipality, as determined under s. 70.57, excluding the
7 value of any tax increments under s. 66.1105, and, for a county, the equalized
8 assessed value of all property located in the county, as determined under s. 70.57,
9 excluding the value of any tax increments under s. 66.1105.

10 (g) “Valuation factor” means a percentage equal to 60 percent of the percentage
11 change in the region’s equalized value under s. 70.57 due to new construction less
12 improvements removed between the year before the statement under s. 79.015 and
13 the previous year, but not less than zero nor greater than 2.

14 (2) ELIGIBILITY. A municipality is eligible to receive a payment under sub. (4)
15 if it fulfills all of the following requirements:

16 (a) The municipality’s municipal tax rate for the year before the statement
17 under s. 79.015 is greater than 5 mills.

18 (b) The municipality’s municipal tax levy for the year of the statement under
19 s. 79.015 is no greater than the municipality’s maximum allowable levy.

20 (3) CONSUMER PRICE INDEX. Annually, on November 1, the department of
21 revenue shall certify to the joint committee on finance the appropriate percentage
22 change in the consumer price index that is to be used to determine the inflation
23 factor.

24 (4) PAYMENTS. (a) Beginning in 2007, each municipality that is eligible under
25 sub. (2) shall receive a payment calculated by the department of revenue as follows:

1 1. Subtract 5 mills from the municipality's municipal tax rate.

2 2. Multiply the amount determined under subd. 1. by the municipality's
3 taxable value.

4 3. Divide the amount determined under subd. 2. by the total of the amounts
5 under subd. 2. for all municipalities that are eligible for a payment under sub. (2).

6 4. Multiply the amount determined under subd. 3. by \$58,145,700.

7 (b) Each municipality that is eligible under sub. (2) shall receive an additional
8 payment calculated by the department of revenue as follows:

9 1. Subtract the municipal tax levy, as determined under par. (a) 1., from the
10 municipality's maximum allowable levy.

11 2. Divide the amount determined under subd. 1. by the total of the amounts
12 under subd. 1. for all municipalities that are eligible for a payment under sub. (2).

13 3. Multiply the amount determined under subd. 2. by \$10,000,000.

14 **(5) ADJUSTMENTS.** For purposes of determining eligibility for and the amount
15 of the payments under this section:

16 (a) If a municipality transfers to another governmental unit responsibility for
17 providing any service that the municipality provided in the preceding year, its
18 municipal tax levy for the preceding year shall be decreased to reflect the amount
19 that the municipality levied to provide that service, as determined by the department
20 of revenue.

21 (b) If a municipality increases the services that it provides by adding
22 responsibility for providing a service transferred to it from another governmental
23 unit in any year, its municipal tax levy for the preceding year shall be increased to
24 reflect the cost of that service, as determined by the department of revenue.

(c) If in any year a municipality's distribution under s. 79.043 (5) is less than the municipality's distribution under s. 79.043 (5) in the previous year, the municipality's maximum allowable levy shall be increased to reflect the reduction in the distribution.

5 (END)

Q Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1229/5dn
JK:kjf:jf

January 26, 2005

This draft reconciles LRB-1229/3 and LRB-1231/4. Both of these drafts should continue to appear in the compiled bill.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1229/5

JK:kjf

RM not R

DOA:.....Ziegler, BB0305 - Municipal levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-28-05

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the Expenditure Restraint Program provides an annual state aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill eliminates the Expenditure Restraint Program and replaces it with the Municipal Levy Restraint Program. The Municipal Levy Restraint Program provides annual state aid payments, beginning in 2007, to any municipality that has a property tax rate greater than five mills and that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the region in which the municipality is located and on the rate of inflation. For purposes of determining the eligibility for and the amount of the payments under the program, each municipality is assigned to a region based on the county in which the municipality is located and each region consists of several counties.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (1) (c) of the statutes is amended to read:

2 20.835 (1) (c) *Expenditure restraint program account.* A sum sufficient to make
3 the payments under s. 79.05. No moneys may be encumbered or expended from this
4 appropriation after December 31, 2006.

5 **SECTION 2.** 20.835 (1) (cb) of the statutes is created to read:

6 20.835 (1) (cb) *Municipal levy restraint payment account.* Beginning in 2007,
7 a sum sufficient to make the payments to municipalities under s. 79.051 (4) (a).

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

8 **SECTION 3.** 20.835 (1) (cd) of the statutes is created to read:

9 20.835 (1) (cd) *Municipal levy restraint bonus payment account.* Beginning in
10 2007, a sum sufficient to make the payments to municipalities under s. 79.051 (4) (b).

 ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 4.** 79.01 (1) of the statutes is amended to read:

12 79.01 (1) There is established an account in the general fund entitled the
13 “Expenditure Restraint Program Account.” There shall be appropriated to that
14 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
15 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
16 in the year 2001; \$57,570,000 in 2002; and \$58,145,700 in 2003 and in each year
17 thereafter, ending in 2006.

18 **SECTION 5.** 79.01 (5b) of the statutes is created to read:

1 79.01 (5b) There is established an account in the general fund entitled the
2 “Municipal Levy Restraint Payment Account.” There shall be appropriated to that
3 account \$58,145,700 in 2007 and in each year thereafter.

4 **SECTION 6.** 79.01 (6b) of the statutes is created to read:

5 79.01 (6b) There is established an account in the general fund entitled the
6 “Municipal Levy Restraint Bonus Payment Account.” There shall be appropriated
7 to that account \$10,000,000 in 2007 and in each year thereafter.

8 **SECTION 7.** 79.05 (7) of the statutes is created to read:

9 79.05 (7) Beginning in 2007, no municipality may receive a payment under this
10 section.

11 **SECTION 8.** 79.051 of the statutes is created to read:

12 **79.051 Municipal levy restraint program. (1) DEFINITIONS.** In this section:

13 (a) “Inflation factor” means a percentage equal to the average annual
14 percentage change in the U.S. consumer price index for all urban consumers, U.S.
15 city average, as determined by the U.S. department of labor, for the 12 months
16 ending on ~~September~~ ^{June} 30 of the year before the statement under s. 79.015.

17 (b) “Maximum allowable levy” means the municipal tax levy for the year before
18 the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of
19 one plus 85 percent of the inflation factor and 85 percent of the valuation factor,
20 rounded to the nearest 0.01 percent.

21 (c) “Municipal tax levy” means the amounts reported as the total taxes levied
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23 revenue under s. 73.10, not including the incremental levy for municipal tax
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2 value.

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8 assessed value of all property located in the county, as determined under s. 70.57,
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18 municipal tax levy for the preceding year shall be decreased to reflect the amount
19 that the municipality levied to provide that service, as determined by the department
20 of revenue.

21 (b) If a municipality increases the services that it provides by adding
22 responsibility for providing a service transferred to it from another governmental
23 unit in any year, its municipal tax levy for the preceding year shall be increased to
24 reflect the cost of that service, as determined by the department of revenue.

(c) If in any year a municipality's distribution under s. 79.043 (5) is less than the municipality's distribution under s. 79.043 (5) in the previous year, the municipality's maximum allowable levy shall be increased to reflect the reduction in the distribution.

5 (END)